



# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



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Dwi Sri Dani Afriza, Muhammad Zilal Hamzah

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i11/4957>

DOI: 10.6007/IJARBSS/v8-i11/4957

*Received: 21 Oct 2018, Revised: 16 Nov 2018, Accepted: 30 Nov 2018*

Published Online: 11 Dec 2018

In-Text Citation: (Afriza & Hamzah, 2018)

To Cite this Article: Afriza, D. S. D., & Hamzah, M. Z. (2018). How to Achieve the Indonesian Society Happiness in Islamic Way? *International Journal of Academic Research in Business and Social Sciences*, 8(11), 812–825.

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Vol. 8, No. 11, 2018, Pg. 812 - 825

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# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



## How to Achieve the Indonesian Society Happiness in Islamic Way?

Dwi Sri Dani Afriza

Universitas Trisakti, Doctoral Program of Islamic Economic and Finance, Economic Faculty and Business, Jakarta, Indonesia

Muhammad Zilal Hamzah

Sekolah Tinggi Ilmu Ekonomi Bisnis Indonesia, Jakarta, Indonesia

### ABSTRACT

This study aims to examine the effect of macroeconomic factors: gross domestic product, inflation, money circulation, population, poverty, human development index (HDI), labor force, productivity, and labor costs toward the achievement of Indonesian people's happiness index in Islamic perspective. It is believed that the achievement of community happiness is closely related to the success of economic development by a country. The design of this research is descriptive research design with quantitative approach to generate in-depth information from secondary data (period 2004-2014) that obtained from Bank Indonesia, Central Bureau of Statistics (BPS), International Financial Statistic (IFS), CIA FACT Book. Time period is selected to be observed with the latest range of time range. Processing and analysis of this research is done by using E-views software. The result of the research indicates that the macroeconomic variables before the applied of sharia compliance have not influenced overall toward index of happiness of Indonesian society. However, by given the value of sharia compliance (*tetha*) to each variable, the results show that almost of macroeconomic variables have significant effects on the index of happiness of Indonesian society.

### INTRODUCTION

Economics development is an important part of national development in Indonesia. One of economics development those propose of this country is to improve the standard of living and quality of life (Subandi, 2011). Economics development is also a process to increase the real per capita income of a country. The increase on per capita income will have an impact for the betterment of society, such as through an increase in education and health. Economics development also defined as a series of efforts in the economy to develop its economics so that more infrastructures will be available, more companies will emerge and more growing, higher level of education and increase in technology and will increase the prosperity of the community (see among others: Rumbia, 2009).

Furthermore Todaro et al. (2004) says that economics success of a certain country be evidenced by three basic values: *first*, development of social capability to meet their basic needs like raising availability and enlargement of distribution of various goods of basic living needs like food, clothing, housing, health and security protection; *second*, enhancement of society self esteem as human being through enhancement of living standard such as like the increase of income, covering the addition of availability of job opportunity, improvement of quality of education and also to enhance the interest for cultural and humanitarian values; and *third*, social capability improvement in freedom of slavery by enlarging economic and social alternatives for every individual and generally for the nation.

Development strategy with resting on growth without considering the potential of population and the condition of existing natural resources and environment will not been proceed in a sustained manner. Salim (2010) states that although conventional development has been able to raise economic growth, but failed in the social and environmental aspects. This is because conventional development has placed social and environmental factors at a less important position. So that in entering the 21<sup>st</sup> century, conventional development model can no longer be accepted, because it has caused greater imbalance in income distribution between countries and within a country (see also: Chapra, 2008 and Choudury, 2004).

Income, money and prices are important macro variables which play crucial role in an economy (Mankiw, 2006). A clear understanding, or at least insight, on the relationship between these macroeconomic variables are of significant importance, particularly to policymakers in ensuring that effective macro-economic stabilization policies can be designed and implemented. Monetary policymakers use the various tools they have to meet social objectives. Their goals are to keep inflation low and stable and to attain high economic growth in the real economy. The primary purpose of all Islamic teaching is to blessing for mankind. One of the indispensable ways to realize this goal is to promote the *falah* or real well-being of all human beings on earth through real economics activities. The *falah* also includes price stability, which constitutes a pivotal framework condition for economic activity, and stable growth.

The notion of happiness in the Islamic perspective is that in his life, man always seeks happiness (*As-sa'adah*) and so on instinctively seeks the total happiness, the highest good, which in ethical science is called (*Al-Khair al-Kulliy*). No human being, while still in good health, wants to be wretched or destitute or fails in his life. Every human being even has a goal he wants to achieve. In fact, people living this life are always faced with good pleasures and bad bitterness. When it comes to goodness or pleasure in life, people feel that there is no problem in living their life, but when it comes to difficulties then it's just about complaining, one of them is a disaster.

Happiness is a feeling that is in the heart. It is characterized by peace of mind, happiness, and a tendency to relax. It comes as a result of proper behavior, both inward and outward and inspired by strong faith. The Messenger of Allah (SAW) said, "True enrichment does not come through having much wealth, but right enrichment is the enrichment of the soul". This is the trait that is needed for every person who wants to seek happiness. One of the most difficult to understand from every human being is 'happiness'. The Qur'an reveals the secret to achieving the perfect bliss in this life and forever. We learn from the Qur'an that happiness is the exclusive quality of the soul. Thus, the body achieves all the material successes for money, power, fame and others, but that all may not

always belong to a happy person. From an Islamic point of view, happiness is not limited to material prosperity, though matter makes some elements of happiness. The material aspect is just a means, but not the purpose itself. The main focus in achieving happiness is on the worries of non-material factors. Happiness depends entirely on the level of growth and development achieved by the soul. The Qur'an provides a detailed route to the perfect bliss for the body and soul, both in this world and in the hereafter.

The rationale of this study in terms of the above mentioned learning characteristics is epistemological. The axiom is based solely on the basis of a known view of the world of knowledge which interconnects the mind (cognition) and matter (the world system). The worldview in question is the unity of the divine law and the application for "everything". This worldview in the Qur'an is called *Tawheed* (monotheism). After this epistemic rationale was initiated the dynamics of evolutionary learning from the probabilistic model of the field of learning. Finally, this paper tries to study the determinant factors that affect the happiness in Indonesia through Islamic Way.

## THEORETICAL BACKGROUND

### A. Happiness (*Hasanah*) and Prosperity (*Maslahah*)

In a life of happiness and well-being must be something beautiful and also seen by the person whose life is beautiful. But what is beautiful? Colette interpreted, endowed by the good fortune of Allah SWT. But many will say that a beautiful life must also be objectively and psychologically satisfactory, as well as psychologically satisfying most (but not entirely) by being objective and valuable. Of course, everyone does not share the same view of this. Perhaps according to some people, everything you need for well-being or happiness is a psychological fulfillment, or that is coupled with success in meeting your own set of standards. There is no objective standard of welfare or happiness, so your worthy life goals are irrelevant to your well-being. It seems there are many reasons to choose happiness because of choosing prosperity or developing to refer to good prudential life. The term "happiness" and "fulfillment of needs" or "sense of satisfaction" will be used for positive emotions, thoughts, and evaluations whether conscious, unconscious, or generally regarded as part of such a life.

Since most of us realize, that happiness is a very fine quality that includes satisfaction and peace; happiness is a gentle joy that causes lips, faces and hearts to smile. It is determined by faith in God and obedience to Him. So happiness creates peace and submission, peace in Islam. Islamic orders and regulations strengthen the happiness that comes from knowing God and they help ensure the happiness of humankind during life in this world. However, Islam also emphasizes that the life of the world is no more than the means to achieve the hereafter. By following the Islamic guidelines this allows people to be happy while waiting for our eternal happiness in life. From Anas RA, he said: The most frequent prayer of Rasulullah SAW is: *O Allah, grant us kindness in the world and goodness in the Hereafter, and guard us from the punishment of the fire of hell.*

So popular is the prayers contained in the Qur'an, the letter Al-Baqarah, Verse 201. In the pilgrimage, this prayer appears to be the idol of the pilgrims. When entering Masjidil Haram, the *Ka'bah* was seen, the prayer was read: *"Allohumma antassalam waminkassalam fahayyina robbana bissalam"*. Then walk towards Hajar Aswad to start the *thawaf*. When it's near Hajar Aswad, it might be a kiss or just gesture while reading: *"Bismillah wallohu akbar"*. Next round the *Ka'bah* seven times,

the *Ka'bah* position on the left. Starting from the corner of *Hajar Aswad*, walking towards the Iraqi pillar (this corner is in line with Iraq), then to Shami, then to the Yamani Rukun. Upon the foundation of Yamani, go to the *Hajar Aswad Rukun*. Between *Yamani* and *Hajar Aswad* read the world's prayer broom: "*robbana atina fiddunya hasanatan wa fil akhira hasanatan waqina adzabannar*". The Messenger of Allah (may peace be upon him) whenever each *tawaf* came between the *Yamani* and *Hajar Aswad Rukun* read the prayer

Ibn Abbas RA, a friend of Rasulullah SAW who is very careful in maintaining and serving the Prophet. One day he was asked by the *Tabi'in* (generation after the death of the Messenger of Allah) about what is meant by word happiness. He said that there are seven indicators of word happiness, namely (Sahih Al-Bukhari): (i). *Qalbun syakirun* or a heart that is always grateful; (ii). *Al azwaju shalihah*, that is the life partner who sholeh; (iii). *Al auladun abrar*, that is a righteous child; (iv). *Albiatu sholihah*, a conducive environment for our faith; (v). *Al malul halal*, or lawful property; (vi). *Tafakuh fiddien*, or spirit to understand religion; and (vii). Age of *baroqah*.

How can God be blessed with the seven indicators of the happiness of the world? In addition to our hard work to improve ourselves, then it is very good and there is no harm in diligence, frequent and *khusyu 'beg* to Allah SWT read the prayer "broom of the universe". Asking Allah SWT to the seven indicators of world happiness mentioned by Ibn Abbas RA above.

## **B. Gross Domestic Product (GDP)**

GDP is commonly used as a measure of social welfare. GDP is designed as a measure of market output with the diverse output of the various goods and services produced during a given period aggregated into a single number using market valuation. GDP is often regarded as the best measure of the economy performance where GDP summarizing economic activity within a certain monetary value for a certain period. Total GDP as a proxy for income communities have a major influence for the banks, especially in raising funds. Effect of interest rates on savings rate is declined by Keynes (1937). Keynes argued that the higher level of income that ensures equality between saving and investment than interest rates. So only fitting that we receive revenues must be managed properly as stated in the Surah An Nisa (4:5); "*To those weak of understanding make not over your property which Allah hath made means of support for you, but feed and clothes them therewith and speak to them words of kindness and justice*".

Islam claims that it intends guiding mankind towards betterment in this world and hereafter by providing guidance in all spheres as it is a complete code of life (Al-Quran, 5:3). Islam not only encompasses the alpha and omega of worshipping one God (Allah), but it also distinguishes the right ways of all practical affairs in business, governance, economics growth, social justice, etc. All the rules set by Islam are the practical and golden laws which are beneficial for the community, and is pure from losses to an individual (Kayed and Hassan, 2010). Therefore, Islam and secularism are two opposite concepts. A religion is considered to be the only set of theology and theories meant for the spiritual reform and peace of mind for a human (Joseph, 2005). Routine life affairs in business, governance and politics, etc., are recommended to be segregated from religions by the seculars (Keysar and Kosmin, 2008; Poddar et al., 2008 and Irawan, 2009). However, Islam, that is the final Divine religion does not provide room for separating religion from routine life affairs. Unlike other

religions which are usually set of spiritual concepts, Islam guides mankind in all daily life matters as well.

### **C. Inflation**

In economics, inflation is defined as a rise in the general level of prices of goods and services. Keynesians believe that inflation is a pricing phenomenon. They propose that inflation is the result of pressures in the economy; an increase in aggregate demand, a drop in aggregate supply, or a rise in labor cost. From the viewpoint of the Monetarists, inflation is regarded as erosion in the purchasing power of money. They assert that inflation has always been a monetary phenomenon. When the price level rises, each unit of currency buys fewer products.

In general, inflation rate is defined as the percentage rate of increase in price level. The price level is taken as the average price of a representative basket of goods consumed by all households in the nation. This must occur over a protracted period of time. Thus, inflation does not equate with price changes that are due to commodity substitutes and for temporary periods of time due to short-run scarcity. The symptoms of inflation are defined in relation to the cause of inflation. In general, Inflation refers to sustained percentage changes in the price level and the price increase must be in the general level of process. Fisher (1991) even suggests interpreting the rate of inflation as an indicator for the capability of a government to keep the fluctuations of its economy under control.

### **D. Money Supply**

Economists define a country's money supply along a spectrum ranging from high to low liquidity: the ease with which an asset can be used as a generally acceptable means of payment, or at least converted into a means of payment. Various monies can range along a spectrum from coin and paper currency (cash), called M0 and M1, which is M0 plus checkable bank deposits; to M2, which is M1 plus savings and other similar short-term but non checkable deposits; to M3, which includes longer-term deposits and so on. The precise definitions vary from country to country (Adam and Jane, 1995).

### **E. Population**

Every country has a different amount of population. Eventhough, population also must be controlled because of the amount of population has the effect to economic growth of a country (see: Proud'homme, 1995; and Bahl and Lihn, 1994 in Hamzah, 2011). There are two views regarding the impact of population growth on economic growth. The pessimistic views see a rapid population growth as a burden to the economy since it would overwhelm any technological progress and capital accumulation. Contrary to this, the optimistic views believe that a rapid population growth allows a particular country to exploit economies of scale and promote technological progress.

The world's population is getting older because of longer life expectancy and lower fertility rates in most countries. These developments often interact – as countries become richer and healthier, their inhabitants live longer, but also give birth to fewer children. In poorer countries, children have traditionally been seen as investments, while in richer countries it is rather the case that they, at an individual level, require investment. Furthermore, in wealthier countries where women tend to have more career options, they also seem less willing to spend too much time away from the labor market taking care of children. Of course, policy and infrastructure also have their

implications; in countries where women can return to work after childbearing without losing too much status and/or income, fertility is often higher. For example, in Norway and Sweden, two countries with long allowances for maternity leave, but also strong laws and regulations prohibiting discrimination against women and “parents”, the fertility rates are higher than in Japan and Spain, countries where the costs of staying at home with children may be higher in terms of career. Population change is not an adverse factor for economic growth, for it has an endogenous effect emanating from household decisions corresponding to the extent of complimentary between the household production function and the national economy.

#### **F. Poverty**

Poverty is “pronounced deprivation in wellbeing”. The conventional view links well being primarily to command over commodities, so the poor are those who do not have enough income or consumption to put them above some adequate minimum threshold. This view sees poverty largely in monetary terms. Poverty may also be tied to a specific type of consumption; for example, people could be house poor or food poor or health poor. These dimensions of poverty often can be measured directly, for instance, by measuring malnutrition or literacy. The broadest approach to wellbeing (and poverty) focuses on the capability of the individual to function in society. Poor people often lack key capabilities; they may have inadequate income or education, or be in poor health, or feel powerless, or lack political freedoms. The world has never been richer. At the same time, the number of people living in poverty has increased by almost 100 million and the chasm between the rich and the poor has become unfathomable (Antony and Laxmajah, 2008).

#### **G. Human Development Index**

During the last few years, sustainable development has represented as one of the most important policy goals at global level. In the consideration of social dimension of sustainable development, HDI of the UNDP represent a widely accepted methodology to be used as starting point for building a more sustainable-oriented development index (Constantini and Monni, 2005). This point of view is also supported by Xiaoyan and Liming (2008) stating that HDI is the effective indicator to evaluate sustained development particular regional area. According to the UNDP (2011), definition of human development is a much wider paradigm of development than merely the increase or decrease of national income. Human development is one effort to create an environment where society may develop all its capabilities or potential to be directed towards Endeavour of a more productive and creative life in accordance with its need and attraction. Society is the genuine wealth of a country. Development is hereby related to widening choices for society towards a more beneficial life (<http://undp.org/en/humandev/2011>).

#### **H. Labor Force**

The skill of the workforce is a dominant input of a manufacturing system. Caves and Barton (1990) observed that efficiency of transformation of inputs to outputs is largely dependent on the skill of the workforce. As stated by Cobb-Douglas, workforce skill is one of the main inputs of a production process. Furthermore, degree of skill is recognized as an effective driving force for enhancing manufacturing performance (Anwar and Watanabe, 2010 and Barro and Sala- I Martin, 2004). It is

evident that the highly-productive manufacturing organizations tend to have a highly-educated and skilled workforce; more so than the least productive

### I. Productivity

High productivity is generally assumed to be a “good thing” in so much as a productive operation is more likely to have lower costs. It is this close connection with the cost performance of an operation of process that accounts for the interest in understanding and measuring productivity (Slack, 1997).

### J. Labour Cost

The concept of labour in Islam emanates from a concept of intrinsic value as the real worth of a produced thing as well as factor of production. We have taken the *Quranic* precept that says Allah has put *fitrah* in all things during creation and this assumes the primordial value of being in cognitive forms. Hence, if a good is discovered, produced and labour is expended in its production and transaction, there is always that primordial intrinsic value that has in the first place made all the subsequent processes possible. Wages, according to Islamic principles, should be determined prior to work and immediately paid after work is accomplished. The Prophet said: “Give the labour his wages before his sweat dries” (Ibn Majah). The Prophet also said: Allah says, ‘There are three people whom I shall be their opponent on the day of judgment:... (one of them is) A man who hires a labour, makes use of his service then does not give him his wages’ (HR. Bukhari).

## METHODOLOGY

This research design was descriptive research design with a quantitative approach in order to generate in-depth information from secondary data as obtained from the Central Bank of Indonesia, Central Statistical Bureau (BPS), International Financial Statistic (IFS), CIA FACT Book, etc. This research will be concentrated in the recent performance of Indonesian wellbeing between the periods of 2004 to 2014. The time period was selected considering that it offers recent time series observations. Mean while the model is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + e$$

Where: Y = Happiness Index; X<sub>1</sub> = GDP; X<sub>2</sub> = Inflation; X<sub>3</sub> = Money Market; X<sub>4</sub> = Population; X<sub>5</sub> = Poverty; X<sub>6</sub> = Human Development Index; X<sub>7</sub> = Labor; X<sub>8</sub> = Productivity; X<sub>9</sub> = Minimum Wage

## RESULTS

### A. Descriptive Statistics

Based on Table 1 below, can be explained the minimum, maximum, and mean values and the standard deviation value of each variable. The results of testing the classical assumption concluded that the regression model in this study is feasible to use because the regression model has been free from the problem of data normality (its Jarque-Bera value of 0.846064 < 60,48 and the probability level of 0.655058 > 0.05), no heteroscedastisity (the value of Prob. Obs \* R-squared of 0.0763 > alpha 0.05) and no autocorrelation.



**Table 1.**  
**Descriptive Statistics**

	Minimum	Maximum	Mean	Std. Deviation
GDP (Billion Rp)	599.478,00	2.72.8846,00	1.527.432,4545	695.189,63523
Inflation (%)	2,78	17,11	7,4845	3,94917
Money Supply (Billion Rp)	1.033.877,00	5.115.547,00	2.437.082,4545	1.241.148,51871
Human Dev Index	157.941.169,00	182.597.966,00	170.035.371	15.592.246,07927
Poverty (Million)	27,73	39,30	32,8173	3,94617
(%)	68,70	74,40	71,6755	1,75718
Labor Force (Million)	93,72	110,81	103,6736	6,93901
Labor Cost (Thousand Rp)	458,50	1595,90	886,8364	352,99769
Happiness Index	50,00	58,92	56,0182	2,73416

Source: processed researchers

**B. Result of Regression Equation Model**

From table 2, below,

**Table 2.**  
**Estimated OLS Model Results**

Dependent Variable: Y  
 Method: Least Squares  
 Date: 09/15/15 Time: 18:42  
 Sample: 2004Q1 2014Q4  
 Included observations: 44

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	186.4627	210.0954	0.887515	0.3810
X1	-10.82817	4.770643	-2.269751	0.0297
X2	0.051025	0.033690	1.514534	0.1391
X3	2.586616	2.849550	0.907728	0.3704
X4	-1.535871	8.478676	-0.181145	0.8573
X5	-0.822830	0.359113	-2.291285	0.0283
X6	-0.894392	1.620149	-0.552043	0.5845
X7	0.095620	0.355219	0.269186	0.7894
X8	-448.8318	156.2998	-2.871608	0.0070

X9	-0.004388	0.011273	-0.389245	0.6995
R-squared	0.595238	Mean dependent var	14.00455	
Adjusted R-squared	0.488095	S.D. dependent var	0.735206	
S.E. of regression	0.526022	Akaike info criterion	1.749768	
Sum squared resid	9.407762	Schwarz criterion	2.155266	
Log likelihood	-28.49490	Hannan-Quinn criter.	1.900146	
F-statistic	5.555548	Durbin-Watson stat	0.745940	
Prob(F-statistic)	0.000105			

Source: processed researchers

The result of regression equation test is as follows:

$$Y = 186,4627 - 10,82817X_1 + 0,051025X_2 + 2,586616X_3 - 1,535871X_4 - 0,822830X_5 - 0,894392X_6 + 0,095620X_7 - 448,8318X_8 - 0,004388X_9 + e$$

From the above equation models, it can be concluded that the results show a negative correlation between GDP, Population, Poverty rate, Human Development Index, Productivity, and Minimum Wage to the Happiness Index, where are significant for GDP, Poverty, and Productivity. Meanwhile, Inflation, Money Supply, and Labor have a positive relationship to the Happiness Index but insignificant.

## DISCUSSION

### A. Adjusted Coefficient Determination

The result of model estimation with OLS method in table 2 shows that the adjusted coefficient determination ( $AdjR^2$ ) of 0.48. It means that 48% of Happiness Index changes are influenced by the determinant variables in this model (GDP, inflation, money supply, population, poverty rate, human development index, labor, minimum wage and productivity). While 52% are explained by other variables those are not included in this model.

### B. T-Statistic Test Results

#### 1. The Effect of GDP on economic development toward Happiness

Base on the results in Table 2., it can be explained that the GDP variable obtains a beta value of -10.82817 and value of probability < 0.05. The result indicates GDP negatively and significant affects the happiness index. This result explains that the higher level of economic growth will be the lower the happiness index, this condition is because the increase of GDP/economic growth rate is not accompanied by equal distribution of income so that only a small part of Indonesian people feel the impact of economic growth.

#### 2. The Effect of Inflation on economic development toward Happiness

Inflation variable obtained a beta value of 0.051025 and value of probability > 0.05. The results show that Inflation has a positive effect on happiness index but insignificant.

#### 3. The Effect of Money Supply on economic development toward Happiness

Money supply variable has the beta value of 2.586616 and value of probability  $> 0.05$ . The results show that money supply has a positive effect on the happiness index but insignificant. This result explains that economic growth or growth in the production of goods and services requires the availability of sufficient money, in order to increase corporate and community revenues, which in turn increases the index of happiness.

*4. The Effect of Population on economic development toward Happiness*

Population variable has a beta value of -1.535871 and value of probability  $> 0.05$ . The result indicates that population has a negative effect but insignificant on the happiness index. This result explains that the higher the population growth the lower the happiness of the community.

*5. The Effect of Poverty on economic development toward Happiness*

Poverty level variable obtained a beta value of -0.822830 and value of probability  $< 0.05$ . The results show that poverty negatively and significant affects the happiness index. This result explains that the more poor people will lower the happiness index.

*6. The Effect of Human Development Index on economic development toward Happiness*

Human development index (HDI) level variable obtains a beta value of -0.894392 and value of probability  $> 0.05$ . The result indicates that the human development index has a negative effect but insignificant on the happiness index.

*7. The Effect of Labor Force on economic development toward Happiness*

Labor variable obtained a beta value of 0.095620 and value of probability  $> 0.05$ . The results show that labor has a positive effect on the happiness index but insignificant.

*8. The Effect of Productivity on economic development toward Happiness*

Productivity variable obtained the beta value of -448,831 and value of probability , 0.05. The results show that productivity has a negative and significant affect on the happiness index.

*9. The Effect of Minimum Wage on economic development toward Happiness*

Minimum wage variable obtains a beta value of -0.004388 and value of probability  $> 0.05$ . The result shows that the minimum wage negatively but insignificant affects the happiness index.

**C. Sharia Model Test Result**

If in the previous section has been discussed the results of hypothesis testing with conventional regression model, then the next step is to examine regression model with sharia concept.

**Table 3.**  
**Model Estimation Result Using Theta**

Dependent Variable: Y  
Method: Least Squares  
Date: 10/23/15 Time: 14:28  
Sample: 2004Q1 2014Q4  
Included observations: 44

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Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-15.38752	1.17E-06	-13138404	0.0000
X1	4.11E-07	5.25E-13	781716.4	0.0432
X2	0.062805	8.43E-10	74508405	0.1543
X3	2.15E-07	3.26E-14	6584436.	0.0000
X4	2.99E-08	1.86E-14	1609664.	0.0458
X5	0.232198	8.55E-09	27171378	0.0621
X6	0.496963	3.68E-08	13487914	0.0000
X7	0.167348	8.70E-09	19245338	0.0023
X8	26.94611	2.76E-06	9757761.	0.0000
X9	0.002874	3.14E-10	9164171.	0.0346
X10	2.33E-08	2.19E-14	1064161.	0.0287
R-squared	0.705589	Mean dependent var	4.531456	
Adjusted R-squared	0.567855	S.D. dependent var	2.735127	
S.E. of regression	0.826432	Akaike info criterion	1.749694	
Sum squared resid	6.707656	Schwarz criterion	2.155266	
Log likelihood	28.49490	Hannan-Quinn criter.	12.00109	
F-statistic	3.785520	Durbin-Watson stat	2.148940	
Prob(F-statistic)	0.002105			

Source: processed  
researchers

The partial test result (t-test) with the above sharia model shows that all variables (except Inflation and human development index) have probability values of  $0.000 < 0.05$ . Thus, it can be concluded that GDP, Money Supply, Population, Poverty Level, Labor Force, Productivity, and Minimum Wage have a significant effect on happiness. Meanwhile, the simultaneous test results (F test) shows a probability value of  $0.000 < 0.05$ , thus it can be concluded that simultaneously GDP, Inflation, Money Supply, Population, Poverty Rate, HDI, Labor Force, Productivity, and Minimum Wage have a significant effect on happiness. When compare to conventional test (where only GDP, Poverty and Productivity, significantly affect to Happiness Index), for sharia compliance test, only Inflation and Human Development Index have no significant effect on Happiness Index.

## CONCLUSION

Based on the results of testing and analysis and discussion as has been done, and from the results of the hypothesis, it can be made several conclusions as follows: (i). From the conventional model, the

results show a negative correlation between GDP, Population, Poverty rate, Human Development Index, Productivity, and Minimum Wage to the Happiness Index, where are significant for GDP, Poverty, and Productivity. Meanwhile, Inflation, Money Supply, and Labor have a positive relationship to the Happiness Index but insignificant; (ii). From the sharia model, all variables (except Inflation and human development index) have a positive and significant effect on happiness; (iii). Even though, these two model have the same significant results for the simultaneous test, but the sharia model has bigger adjusted  $R^2$  (56% compare then 48%); and (iv). Finally, to achieve Indonesian Society Happiness, we are should implemented the sharia compliance for every kinds of activity. Through sharia compliance, every human kind always remember that Allah will give them ease, blessing and keep away from greedy.

### Corresponding Author

Prof.H.Muhammad Zilal Hamzah

Sekolah Tinggi Ilmu Ekonomi Bisnis Indonesia, Jakarta, Indonesia

Email: mz.hamzah@stiebi.ac.id

Address: Jalan Raya Kebayoran Lama No.46, Jakarta Barat, Indonesia, 11560.

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